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SENSITIVE

STATE FOR NEA/ELA AND EEB/IFD/ODF
STATE PASS USTR FRANCESCKI
STATE PASS USAID NANDY/SCOTT
TREASURY FOR PARODI/BLEIWEISS/AHERN
USDOC FOR 4520/ITA/MAC/ONE
NSC FOR SHAPIRO/MCDERMOTT

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SUBJECT: LEBANON: ELECTORAL PLATFORMS INCLUDE ECONOMIC ISSUES FOR
THE FIRST TIME (ECONOMIC WEEK IN REVIEW, APRIL 6 - 12, 2009)

REF: A. BEIRUT 416

[1](#)B. BEIRUT 222

CONTENTS

-- POLITICAL PARTIES' ELECTORAL PLATFORMS INCLUDE ECONOMIC ISSUES
-- COMPROMISE ON COUNCIL FOR THE SOUTH BUDGET, NO FUNDING FOR NEW
PROJECTS
-- GOL AND USAID SIGN AGREEMENT TO DISBURSE \$50 MILLION TO COVER
WORLD BANK DEBT
-- IMF: LEBANON IS ONE OF THE COUNTRIES LEAST AFFECTED BY THE GLOBAL
CRISIS
-- CALL CENTERS TO PROVIDE NEW JOB OPPORTUNITIES ACROSS LEBANON
-- MIDDLE EAST AIRLINES WILL BUILD STORAGE FACILITIES FOR
AGRICULTURAL EXPORTS
-- SURVEY SHOWS 13% OF LEBANESE EARN LESS THAN \$500 PER MONTH,
PEOPLE FEEL SOME EFFECT OF GLOBAL CRISIS

FOR THE FIRST TIME, POLITICAL PARTIES' ELECTORAL PLATFORMS
INCLUDE ECONOMIC ISSUES

[1](#)1. (U) During the week of April 6, three of the major political
parties launched their electoral platforms to rally voters for the
June 2009 parliamentary elections. For the first time, these
electoral platforms tackled economic and social issues. While
Lebanese Forces (member of the March 14 coalition) called for the
adoption of policies to stop emigration and ensure the vital needs
of citizens, Majority Leader Saad Hariri's Future Movement's
economic platform was more detailed, focusing on the private sector
as a backbone of the Lebanese economy, encouraging investment in
industry and agriculture in order to stimulate growth and job
creation, and highlighting the need for social protection.
Meanwhile, Hizballah's platform (Ref A) was comprehensive, focused
on combating corruption, addressing the budget deficit and public
debt, and calling for sustainable development.

COUNCIL FOR THE SOUTH BUDGET ISSUE RESOLVED,
NO FUNDING FOR NEW PROJECTS

[1](#)2. (SBU) Minister of Finance (MOF) Mohammad Chatah told the
Ambassador on April 8 that he expects the 2009 budget law to pass in
cabinet next week after he presented a compromise budget to allocate
approximately \$40 million to the Council for the South (CFS). He

said President Sleiman wants consensus on all revisions before the budget law returns to the cabinet agenda. Chatah said this amount will enable the CFS, an entity that mostly benefits Shia Speaker Nabih Berri's constituents (Ref B), to complete on-going projects, without granting it funds for new projects or to undertake central government functions.

13. (SBU) While Chatah would like to see the CFS and other funds that have been a vehicle for political patronage abolished, it is not possible to do so without legislation, he said. In the meantime, he is trying to reduce CFS responsibilities by shifting some of its activities (such as infrastructure projects, health allowances, and UNIFIL rent charges) to the appropriate central government ministries. Such measures strengthen state institutions and reduce corruption, while also making the budget more transparent, stressed Chatah. (Comment: Despite Chatah's good intentions, Berri will likely claim political victory on the CFS issue, since the Council will receive all the money it requested from the Finance Ministry in its original budget request. End comment.)

GOL AND USAID SIGN AGREEMENT TO DISBURSE
\$50 MILLION TO COVER WORLD BANK DEBT

14. (U) On April 8, the GOL and USAID signed an amendment to an existing grant agreement to disburse \$50 million to pay part of Lebanon's debt to the World Bank. The agreement is part of \$250 million pledged at the Paris III donors' conference by the U.S. to support the GOL as it pursues its economic reform program. With this payment, the U.S. government will have disbursed \$175 million since 2007 in response to the Lebanese government's progress on economic reforms.

BEIRUT 00000424 002 OF 002

IMF: LEBANON IS ONE OF THE COUNTRIES
LEAST AFFECTED BY THE GLOBAL CRISIS

15. (U) During meetings with President Sleiman, PM Siniora, and Minister of Finance Mohammad Chatah, visiting IMF Director for the Middle East and Central Asia Masood Ahmed reiterated the IMF's recognition of the stability of Lebanon's current political, economic, financial, and monetary situation. Masood said that Lebanon was one of the countries least affected by the global economic crisis, mainly due to confidence in the economy and sound financial and banking policies.

CALL CENTERS TO PROVIDE NEW
JOB OPPORTUNITIES ACROSS LEBANON

16. (U) The Ministry of Telecommunications (MOT) signed five new contracts to provide international call center services in Lebanon, bringing the total number of such contracts to ten since the beginning of the year. Four of the companies are local, and the fifth is affiliated with French company Teleperformance. Each call center is expected to employ at least 35 people. The ten call centers are located across Lebanon, creating job opportunities throughout the country. An advisor to Telecom Minister Gebran Bassil told us Lebanon is well positioned to become a hub for call centers because of its multi-lingual population, know-how, and quality of service.

MIDDLE EAST AIRLINES WILL BUILD STORAGE
FACILITIES FOR AGRICULTURAL EXPORTS

17. (U) On April 6, Middle East Airlines (MEA) chairman Mohammad El Hout publicly announced that MEA will provide the necessary space and build storage facilities at Beirut's international airport to ensure proper conservation of agricultural produce. This will facilitate agricultural exports' adherence to international quality standards. The cost of this project will be covered entirely by MEA, El Hout said. (Note: MEA is owned by the Central Bank of Lebanon. End note.) According to the Investment Development

Authority of Lebanon (IDAL), agricultural exports under its Export Plus Program (covering 98% of total agricultural exports) decreased by 5% to 446,778 tons in 2008, compared to a 27% increase in exports in 2007.

SURVEY SHOWS 13% OF LEBANESE EARN LESS THAN \$500 PER MONTH, PEOPLE SOME FEEL EFFECT OF GLOBAL CRISIS

18. (U) A survey by leading Middle East job website bayt.com ranked Lebanon six out of 13 MENA countries in terms of personal income levels. Results showed that the income level of 32% of Lebanese respondents ranged between \$1000-2000 per month, while 24% earn \$500-1000 per month, and 13% earn below \$500 per month. (Note: the minimum wage was recently raised from \$200 to \$333 per month. End note.) Although 17% of respondents believed that their salary and employment will not be affected by the global economic crisis, 68% said the crisis has affected them personally, a significant number, though less than the regional average of 77%.

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